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RUEHEG/AMEMBASSY CAIRO PRIORITY 2880
RUEHDM/AMEMBASSY DAMASCUS PRIORITY 5270
RUEHLO/AMEMBASSY LONDON PRIORITY 2127
RUEHFR/AMEMBASSY PARIS PRIORITY 0352
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RUEHRO/AMEMBASSY ROME PRIORITY 6584
RUEHRH/AMEMBASSY RIYADH PRIORITY 1506
RUEHTU/AMEMBASSY TUNIS PRIORITY 5597
RUCNDT/USMISSION USUN NEW YORK PRIORITY 7572
RUEHJI/AMCONSUL JEDDAH PRIORITY 0425
RUEHJM/AMCONSUL JERUSALEM PRIORITY 0619
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UNCLAS TEL AVIV 002337

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XXXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
LONDON ALSO FOR HKANONA AND POL
PARIS ALSO FOR POL
ROME FOR MFO

SIPDIS
E.O. 12958: N/A
TAGS: [OPRC](#) [KMDR](#) [IS](#)

SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

- [1](#)1. Iran
- [1](#)2. Mideast

Key stories in the media:

All media reported that PM-designate Tzipi Livni was supposed to meet with Shas Chairman Eli Yishai last night, but the meeting was canceled. A statement released jointly by their bureaus said the

cancellation was due purely to family obligations on Yishai's part, and had nothing to do with the progress of the negotiations. However, HaQaretz quoted Shas sources as saying that earlier in the day, the party had rejected an offer from Livni to increase the child allowances by 600 million shekels (around \$165,000). Political sources from various parties thus predicted that Livni would have to substantially up her offer -- to something approaching the 1 billion shekels (around \$275,000) that Shas is demanding -- to sign a deal. Shas has also said it would not agree to spread the sum out over a period of several years, which Kadima would prefer. Livni's negotiating team did, however, meet yesterday with Knesset members from United Torah Judaism (UTJ), as Kadima sources were later surprised by the generosity of Kadima's budgetary offers, which in many areas even exceeded UTJ's demands. Maariv bannered a statement by Rabbi Yosef Shalom Elyashiv, the leader of UTJ's Q Lithuanian branch, Q that Q sitting in a government headed by a woman is not a simple thing. Q The media reported that Livni also met yesterday with Meretz-Yahad chairman Haim Oron, and that the two parties' negotiating teams are slated to meet today. Leading media reported that both that and the meeting with UTJ were meant to signal to Shas that "we don't need you to form a government," and that, unless it settled for a more modest increase in child allowances, Livni would look for ways to replace it. Oron stressed that if any restrictions are put on negotiations with the Palestinians, such as Shas and UTJ are demanding, "Meretz will not sit in such a government." The current coalition, which includes Shas, has 67 MKs; without Shas, Livni would be left with only 55 MKs. If she could pull it off, however, the addition of both Meretz and UTJ would bring the coalition back up to 66 MKs.

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The media continued to report on the financial crisis in Israel and around the world.

HaQaretz reported that the IAF is developing a computerized system to quickly predict where a missile will land with considerable accuracy, very shortly after it is launched. That would enable the Home Front Command to order people in a relatively small area into shelters, rather than in broad regions of the country.

Yediot reported that DM Ehud Barak is planning to extend the tahdiya (truce). The newspaper reported that the defense establishment has clarified to Egypt that Israel wants to maintain the tahdiya in Gaza for an unlimited period of time.

The Jerusalem Post reported that Deputy DM Matan Vilnai told the newspaper yesterday that a demonstration planned for Sunday calling for Gilad Shalit's release will be detrimental to the negotiations slated to be renewed later this week.

The Jerusalem Post reported that, for the first time in years and in the face of Iran's nuclear drive, Israel surpassed Saudi Arabia in arms purchases in 2008, reaching just over \$20 billion.

The media reported that IDF soldiers shot and critically wounded a Palestinian who threw a fire bomb at them near Ramallah. This follows a similar incident on Tuesday, in which IDF troops shot dead a Palestinian youth who tried to throw a fire bomb at the West Bank settlement of Beit El.

Maariv and The Jerusalem Post reported that four peace activists were arrested yesterday for vandalism in the outpost of Adei-Ad near the settlement of Shilo. The settlers vowed to avenge the incursion.

HaQaretz reported that two Palestinian girls have been detained without trial for four months.

Yediot reported on newly-discovered photographic evidence that Israeli fighters executed an Arab prisoner -- Q apparently during the War of Independence.

HaQaretz and The Jerusalem Post reported that yesterday Sen. Barack Obama's campaign dismissed Rev. Jesse Jackson's assertion -- Q cited in major Israeli media -- that as president, the Democratic candidate would rid the U.S. of years of Q Zionist control.

The Jerusalem Post quoted a senior PA official in Ramallah as saying yesterday that PA President Mahmoud Abbas has turned down an

Egyptian proposal to hold separate talks with Hamas officials in Cairo before the end of the month.

The Jerusalem Post reported that yesterday Israeli activists decried a decision by Australia to withdraw a threat to take Iranian President Mahmoud Ahmadinejad to the International Court of Justice for inciting genocide against Israel.

The Jerusalem Post reported that in an interview with the newspaper, Miguel d'Escoto Brockman, the head of the UN General Assembly, professed his love for Israel.

Haaretz reported that a new book by James Bamford *The Shadow Factory: The Ultra-Secret NSA from 9/11 to the Eavesdropping on America* -- accuses Israeli high-tech companies of working for Israeli intelligence against the U.S. However, Haaretz says that Bamford totally ignores the two countries' close intelligence cooperation.

The Jerusalem Post reported that the Rabbi Yosef Stern, the head of the Qhesder yeshiva in Acre, which combines military service with religious studies, warned this week of a larger Arab problem that will have to be dealt with or else it will Qblow in our faces. Rabbi Stern was quoted as saying that more Jewish families must move into the city to counter the Qdemographic threat.

Haaretz and Maariv reported that the Jerusalem Municipality is expected to name a street after Adir Zik, the broadcaster whose extreme right-wing remarks against former prime ministers Yitzhak Rabin and Ariel Sharon aroused fierce controversy and won him enemies on both sides of the political spectrum.

Yediot reported that Israeli investigators will leave for the U.S. to probe suspicions against outgoing PM Ehud Olmert in the Rishontours double-billing affair.

Leading media reported that the Justice for the Elderly faction has reunited with the Pensioners' Party, from which it split in April after a bitter quarrel. Leading media reported that the united party threatens to stay out of the coalition.

Maariv reported that following arrests of senior Indian officials for bribing in carrying out missile deals with Israel, the Indian Defense Ministry has issued special instructions for contacts with Rafael Advanced Defense Systems Ltd. and Israel Aerospace Industries.

Leading media reported that over 35,000 people took part in the annual Jerusalem March on Wednesday, thronging the streets of the city in celebration of Sukkoth.

Yediot found a Qhappy communityQ of Israeli researchers at Princeton.

1. Iran:

Summary:

The conservative, independent Jerusalem Post editorialized: QIf conflict comes, heaven forbid, the responsibility will fall on those who denigrated the dangers; removed the option of force from the international negotiating agenda, and undermined sanctions.

Block Quotes:

"Falsely Pragmatic on Iran"

The conservative, independent Jerusalem Post editorialized (10/16): QOf all the pragmatic countries in Europe talking sanctions while

stoking the Iranian economy, none disappoints more than Germany.... Germany remains Iran's main European trading partner. Now comes the news that last month, the German Ambassador to Iran, Herbert Honsowitz, in contravention of EU guidelines, sent his military attache to an Iranian military parade. Honsowitz, ever the pragmatist, is a strong booster of German-Iranian relations, including trade. This newspaper takes at face value Ahmadinejad's October 26, 2005 pledge, before the ominously named World Without Zionism Conference, that QIsrael must be wiped off the map.Q We do not beat the drums of war. But if conflict comes, heaven forbid, the responsibility will fall on those who denigrated the dangers; removed the option of force from the international negotiating agenda, and undermined sanctions. It will fall most heavily on those who fueled Iran's economy and were comfortable being spectators at the parade as the Shihab missiles rolled by.

12. Mideast:

Summary:

Veteran journalist Evelyn Gordon wrote in the conservative, independent Jerusalem Post: QNot only has Washington abrogated its 2004 promise, but Olmert has buried any possibility of resuscitating it.... Bush's letter has become just another bit of fish wrapping.

Former Israeli cabinet minister Natan Sharansky wrote in the Jerusalem Post: QA [smart] idea would be to try [former IDF chief-of-staff Moshe] YaQalonQs alternative approach, and to link the peace process -- Israeli concessions, transfers of money and authority, etc. -- to a transformation of Palestinian society.

Block Quotes:

1I. "Just Another Bit of Fish Wrapping"

Veteran journalist Evelyn Gordon wrote in the conservative, independent Jerusalem Post (10/16): QNot only has Washington abrogated its 2004 promise, but Olmert has buried any possibility of resuscitating it. Sharon claimed to have secured three American pledges in exchange for the disengagement: a free hand in fighting Palestinian terror post-withdrawal, opposition to resettling Palestinian refugees in Israel, and support for retention of the settlement blocs. And most Israelis considered this trade-off worthwhile. Four years later, however, all three have evaporated -- just as disengagement opponents warned that they would. And Bush's letter has become just another bit of fish wrapping.

II. "Can Israel Approach Peace from the Bottom up?"

Former Israeli cabinet minister Natan Sharansky wrote in the Jerusalem Post (10/16): QA [smart] ides would be to try [former IDF chief-of-staff Moshe] YaQalonQs alternative approach, and to link the peace process -- Israeli concessions, transfers of money and authority, etc. -- to a transformation of Palestinian society. This would indeed be a long-short road, and would no doubt take a number of years to implement. But given the disasters that have befallen Israelis and Palestinians over the last 15 years, it would be infinitely better than the alternative. Would a new U.S. administration accept such an approach? After meeting with both of the candidates, I have no doubt that regardless of who wins this November, an Israeli government that would embrace this new approach would win the support of the White House. Barack Obama began his public career as a community organizer and argues persuasively in his books that true change comes from the bottom-up. For his part, John McCain has repeatedly expressed his view that a reformed Palestinian society is critical to any successful peace process. Moreover, either candidate would welcome an approach that would be different than the previous unsuccessful efforts. Indeed, the real question is not whether this new approach will be supported in Washington, but whether it will be supported in Jerusalem. In the past, initiatives that might have moved the peace process in a constructive new direction were left stillborn by passive governments.